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9   IN THE UNITED STATES DISTRICT COURT

10   FOR THE DISTRICT OF OREGON

11 COLLEGENET, INC., a Delaware)
    corporation,   )
12   )
                    Plaintiff,   )   Nos. CV-02-484-HU (LEAD CASE)
13   )   CV-02-1359-HU
        v.   )
14   )
    APPLYYOURSELF, INC., a   )   OPINION & ORDER
15 Delaware corporation,   )
)
16   Defendant.   )
    _____)

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    1 - OPINION & ORDER

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HUBEL, Magistrate Judge:

     Following a jury verdict in plaintiff's favor and the entry of

final judgment along with injunctive relief, defendant moves for

judgment as a matter of law (JMOL), or alternatively a new trial,

on the issue of non-infringement of the '042 patent.[1] Presently,

a stay of execution of the judgment, both as to money damages and

injunctive relief, is in place until the issuance of this Opinion.

Defendant moves to extend the stay pending resolution of eight

other post-trial motions set for hearing on December 19, 2003.

     For the reasons explained below, I grant defendant's JMOL/new

trial motion on the issue of non-infringement of the '042 patent.

I further grant in part defendant's motion to continue the stay.

                              STANDARDS

I.   JMOL

     In analyzing a motion for judgment as a matter of law, the

evidence must be viewed in the light most favorable to the

nonmoving party, and all reasonable inferences must be drawn in

favor of that party.   Horphag Research, Ltd. v. Pellegrini, 337

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     [1] In an October 28, 2003 Opinion & Order, I denied
defendant's JMOL/new trial motion directed to lost profits based
on defendant's failure to move for JMOL under Federal Rule of
Civil Procedure 50(a) on the lost profits issue at the close of
all the evidence. Defendant's motion for reconsideration of that
decision is set for hearing on December 19, 2003. Thus, this
Opinion and Order addresses only the JMOL addressing infringement
of the '042 patent.

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1 F.3d 1036, 1040 (9th Cir. 2003). To grant a motion for judgment as

2 a matter of law, the court must find "no legally sufficient

3 evidentiary basis for a reasonable jury to find" in favor of the

4 nonmoving party." Fed. R. Civ. P. 50(a)(1).

5   A judgment as a matter of law is proper when the evidence

6 permits only one reasonable conclusion and the conclusion is

7 contrary to that reached by the jury. Ostad v. Oregon Health Sci.

8 Univ., 327 F.3d 876, 881 (9th Cir. 2003). The court may not

9 substitute its view of the evidence for that of the jury. Costa v.

10 Desert Palace, Inc., 299 F.3d 838, 859 (9th Cir. 2002), aff'd, 123

11 S. Ct. 2148 (2003). The court is not permitted to make credibility

12 determinations and it may not weigh the evidence. Id.

13 II. New Trial

14   The court may grant a new trial "for any of the reasons for

15 which new trials have heretofore been granted[.]" Fed. R. Civ. P.

16 59. Those reasons include when "the verdict is contrary to the

17 clear weight of the evidence, or is based upon evidence which is

18 false, or to prevent, in the sound discretion of the trial court,

19 a miscarriage of justice." Silver Sage Partners, Ltd. v. City of

20 Desert Hot Springs, 251 F.3d 814, 819 (9th Cir. 2001) (internal

21 quotation omitted); see also Union Oil Co. of Calif., 331 F.3d 735,

22 742 (9th Cir. 2003) ("trial court may grant a new trial only if the

23 jury's verdict was against the clear weight of the evidence.").

24   When the new trial motion is based on insufficiency of the

25 evidence, a "stringent standard" applies, and the motion should be

26 granted only if the verdict "is against the great weight of the

27 evidence or it is quite clear that the jury has reached a seriously

28 erroneous result." Johnson v. Paradise Valley Unifed Sch. Dist.,

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1 251 F.3d 1222, 1229 (9th Cir.) (internal quotation omitted), <u>cert.</u>

2 <u>denied</u>, 534 U.S. 1055 (2001).

3   Although the trial court may weigh the evidence and

4 credibility of the witnesses, "the court is not justified in

5 granting a new trial merely because it might have come to a

6 different result from that reached by the jury." <u>Roy v. Volkswagen</u>

7 <u>of Am., Inc.</u>, 896 F.2d 1174, 1176 (9th Cir. 1990) (internal

8 quotation omitted); <u>see</u> <u>also</u> <u>Union Oil Co.</u>, 331 F.3d at 743 ("It is

9 not the courts' place to substitute our evaluations for those of

10 the jurors."); <u>Silver Sage Partners</u>, 251 F.3d at 819 (a district

11 court may not grant a new trial simply because it would have

12 arrived at a different verdict).

13   DISCUSSION

14 I. JMOL Motion

15   A. Literal Infringement of Claims 1, 16, and 32

16   Independent claims 1, 16, and 32 of the '042 patent share a

17 claim limitation concerning the processing of user information by

18 the third party forms servicer and the delivery of that information

19 to the client institution. Two notable functions contained in that

20 claim limitation are what the parties and the Court have referred

21 to in the case as the "unlimited formatting" and "mapping"

22 functions.

23   I first construed the claim limitation in a July 7, 2003

24 Opinion resolving cross-motions for summary judgment. July 7, 2003

25 Op. & Order at pp. 13, 57. In a subsequent opinion resolving the

26 parties' motions for reconsideration, I amended the construction in

27 certain respects. Aug. 20, 2003 Op. at p. 3. I also rejected

28 plaintiff's argument that an interpretation requiring it to provide

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1 an unlimited number of formats was inconsistent with the claim

2 language and specification. Id. at p. 4. Finally, in an opinion

3 issued during the trial, I again clarified the claim construction.

4 Sept. 3, 2003 Op. at p. 9.

5   Based on the claim constructions, the jury was instructed on

6 the meaning of the claims as follows:

7   User information provided to the institution by the
        servicer is available in an unlimited number of formats
8   and is processed wholly by the third party forms servicer
        and not the institution. That is, the function is one of
9   providing limitless formats for the transfer of user
        information from the servicer to the institution with no
10   additional formatting or mapping performed by the
        institution.

11
        This construction does not preclude formatting, mapping,
12   or other manipulation of the user information data by the
        institution once it is received by the institution in a
13   format the institution specified.

14   Any reference to "unlimited number of formats" and
        "limitless formats" should be interpreted to mean that
15   the third party forms servicer provides the user
        information to the institution in any format specified by
16   the institution.

17   "In a format specified by the institution" means in any
        file format, and it may include any other type of format,
18   specified by the institution.

19 Jury Instructions at p. 14.

20   Defendant argues that the evidence presented at trial is

21 capable of only one conclusion - that its Flagship and i-Class

22 products lack both the "unlimited formatting" and "mapping"

23 capabilities as they have been construed.

24   1. Formatting Function

25   Defendant contends that Flagship transmits applicant data to

26 the institution in only one proprietary format, while i-Class

27 transmits the data in three finite file formats - fixed-width,

28 delimited, and Extensible Markup Language (XML). Defendant relies

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1 on the following evidence:

2   1) Exhibit 583 showing the i-Class source code regarding

3 file formats;

4   2) testimony of Gus Costa, defendant's Chief Technology

5 Officer, that i-Class offers three file formats: fixed width,

6 delimited, and XML (Vol. 6 Trial Trans. at p. 77);

7   3) testimony of Len Metheny, defendant's Chief Executive

8 Officer, that i-Class offers three file formats: delimited, fixed

9 width, and XML (Vol. 5 Trial Trans. at p. 132);

10   4) Exhibit 582 showing the Flagship source code; and

11   5) testimony of Brad Posner that Flagship supported a

12 single format.

13   Based on this evidence, defendant argues that its products

14 cannot literally meet the "unlimited" formatting limitation

15 required by the '042 patent. Defendant notes that rather than the

16 institution specifying the file format as required by the patent

17 claims, defendant specifies the file format(s) and the institution

18 is forced to accept one the formats offered. I agree with

19 defendant that this is contrary to the claim language.

20   Defendant also notes that not only do its products not provide

21 unlimited file formats, they do not provide at least one of the

22 exemplary formats referred to in the '042 patent specification.

23 The '042 patent lists five data file formats that might be

24 included: comma separated, tab delimited, fixed length, name/value

25 pairs, and "EDI 189."   '042 patent at 21:1-4.   Defendant's

26 witnesses, as well as plaintiff's expert Dr. Leonard Shapiro,

27 testified that defendant's products do not provide EDI. Vol. 6

28 Trial Trans. at p. 209 (Dr. Shapiro testimony).

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1   In addition, the evidence was that defendant cannot support

2 Datatel formats, nor can it support institutions that use MacIntosh

3 computers and those corresponding native file formats. Vol 6 Trial

4 Trans. at pp. 133-34 (Metheny testimony that defendant does not

5 directly support Datatel and its programs are not compatible with

6 a Mac system).

7   Costa testified that EDI was the main export format that

8 defendant did not support. Vol. 6 Trial Trans. at pp. 77-78. He

9 explained that if a client asserts its preference to have an EDI

10 format, defendant cannot accommodate that request and the

11 institution would have to take the file in one of the three formats

12 defendant offers and then do something outside the system, within

13 its own system, to convert to whatever format is needed by the

14 institution. Id.

15   Metheny also testified about one particular example of EDI

16 formatting requirements with Duke University. Providing the data

17 to Duke required the services of a third party developer at the

18 University of Wisconsin, Madison, to convert the data from

19 defendant's third party forms server to Duke's PeopleSoft Student

20 Information System (SIS). Vol. 4 Trial Trans. at pp. 244-47.

21 Testimony from Kent Eudy, Senior Software Architect of Nobelstar,

22 the third-party company which developed the i-Class product for

23 defendant, is consistent with that of Costa and Metheny. Vol. 5

24 Trial Trans. at pp. 53-57.

25   Additionally, defendant's expert Dr. Daniel Menasce testified

26 that

27   [s]o when one looks at the ApplyYourself products,
        both I-Class and Flagship, one sees immediately that
28   that's not the case. In fact, they provide a very

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1   limited number of formats. For example, I-Class provides
     only three formats[:] delimited, fixed length, and XML.
2   So there's no way that one could consider that, by any
     stretch of the imagination, unlimited number of formats.
3
         I can think of many very important formats in this
4   application domain that are not provided by ApplyYourself
     products. For example, EDI Transaction Set 189, which is
5   a very important type of format, is not provided. HTML
     is not provided. Postscript is not provided. Name/value
6   pairs is not provided. Datatel is not provided.

7   Vol. 5 of Trial Trans. at pp. 195-96.

8   Defendant argues that in view of this evidence, no reasonable

9   jury could have found that defendant literally practices the

10   "unlimited formats" limitation of claims 1, 16, and 32.

11   Furthermore, defendant notes that any testimony to the contrary by

12   Dr. Shapiro is not sufficient evidence to support infringement

13   because he defined "format" contrary to the Court's construction of

14   the term. This exchange reflects some problems with Dr. Shapiro's

15   analysis:

16   Q [by Mr. Carr questioning Dr. Shapiro regarding his
         interpretation of the word "format" in the Court's claim
17   construction of "in any format specified by the
         institution"]: Yes. In that context, what do you mean
18   by format?

19   A: A format refers to a style or shape or forms in which
         files appear. And there are generally three types of
20   formats. One is called – I have to remember now. But
         one is called file formats, another is presentation
21   formats. And another is character formats, as I recall.

22   Q: Okay. In the context of this paragraph, we're
         talking about -
23
         A: Um-hmm.
24
         Q: -- do you understand that format phrase or term right
25   there to mean all three of those formats or to mean just
         one? Or just two of the three?
26
         A: The form – the one you've underlined here?
27
         Q: Yes, sir.
28

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A: (Pause, referring). I think this could mean any of
the three.

Q: So in your interpretation of – and your analysis,
when you looked at this section, you understood that term
right there, underlined on this form, "format," to mean
either a file format, a display format –

A: Yes.

Q: -- or a – what was the third option?

A: File format, display format, or character format.

Q: Or character format.

A: Yes.

Q: And your opinions reflected your understanding that
this term "format" could mean any of those three?

A: Yes -

Vol. 4 Trial Trans. at pp. 190-91.

Plaintiff makes several arguments in opposition and offers

several interpretations of the evidence in support of the jury's

infringement verdict on the '042 patent. Plaintiff's main

arguments are: 1) defendant admitted in its admissions that it

practices the patent; 2) defendant's provision of customized

reports through its Web Center shows literal infringement; 3)

defendant's "Customized Integration Solutions" provide customized

file formats; and 4) the evidence shows defendant can customize the

provision of its data for upload to SISs such as PeopleSoft and

Datatel.

a. Admissions

Plaintiff correctly notes that defendant initially admitted in

its responses to plaintiff's requests for admission, that both

Flagship and i-Class "make[] user information available to an

institution of higher education in a format specified by that

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1   institution of higher education." These admissions were included

2   in plaintiff's Exhibit 165 (Requests for Admission Nos. 122, 123).

3   During his testimony, Metheny admitted that defendant had made the

4   admissions. Vol. 5 of Trial Trans. at pp. 74-75.

5   I granted defendant's motion to withdraw these admissions in

6   an August 20, 2003 Opinion. I instructed the jury that:

7   In the discovery phase of a lawsuit one party may
     ask another party to admit or deny certain facts. These
8   are called Requests for Admission. On January 29, 2003,
     defendant admitted certain facts when plaintiff made
9   these requests. Upon the request of defendant in August
     2003, and after I made certain rulings in the case in
10   July 2003, I allowed the defendant to withdraw two such
     responses, numbers 122 and 123. The answers, while no
11   longer being conclusive on these facts now that they have
     been withdrawn, nonetheless may still be considered by
12   you in evaluating the evidence and resolving the facts of
     this case. In evaluating statements made by a party you
13   should consider whether the statement was clearly and
     understandingly made by that party.

14   Jury Instructions at p. 50.

15   Plaintiff argues that because the jury was not told what the

16   actual July 2003 rulings were which led to the withdrawal of the

17   admissions, and because there was no cross-examination of Metheny

18   regarding these admissions, the jury could have concluded that

19   defendant admitted infringement of these claim features as they had

20   been construed by the Court. Plaintiff argues that there could be

21   no stronger evidence of infringement.

22   I disagree. Given the testimony and the jury instruction, the

23   jury knew only that at one point earlier in the case, defendant

24   admitted that its systems had performed a certain function.

25   Importantly, the jury also knew that based on a court ruling, those

26   admissions had been withdrawn and thus, defendant no longer

27   admitted that it practiced that function. Even if the jury were

28

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1 unaware that it was the claim construction ruling that altered the

2 landscape, the withdrawn, non-binding admissions are not

3 substantial evidence of infringement of this function.

4 Furthermore, if the jury based its infringement verdict on these

5 withdrawn admissions, it would be error. The withdrawn admissions

6 are not a legally sufficient basis upon which a reasonable juror

7 could find literal infringement.

8   b.   Web Center

9   Plaintiff next argues that defendant's provision of customized

10 reports through defendant's Web Center is evidence of infringement.

11 In particular, plaintiff relies on Exhibits 80, 82, and 86.

12   Plaintiff's argument is based on a strained and unsupported

13 reading of the claim construction. Plaintiff contends that the

14 words "file format" in the claim construction part of the jury

15 instructions quoted above, could have been reasonably understood by

16 the jury as including at least a "form" and "layout" file.

17 Plaintiff notes that while the instructions defined "file" as "[a]n

18 electronically stored collection of information that has a unique

19 name," Jury Instructions at p. 13, the instructions did not define

20 the term "file format." Thus, plaintiff argues, the jury was

21 obligated to construe "file format" according to its ordinary

22 meaning, which plaintiff contends is "the format of a file."

23   Plaintiff notes that Wolfston testified that "file format"

24 meant "the way the data gets laid out," or the ordering of data.

25 Vol. 2 Trial Trans. at pp. 178-79. Additionally, plaintiff

26 contends that the i-Class manual suggests a broad meaning of "file

27 format" when it explains how to "define" a "file format." Under

28 the section on "file format definitions," the manual describes,

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1 according to plaintiff, unlimited variations, including countless

2 permutations on the selection and widths of fields in the

3 customized report - implying that each is a separate file format.

4 Exh. 80 at pp. 76-77.

5   Thus, because, according to plaintiff, the term "file format"

6 could have reasonably been interpreted by the jury as including

7 "form" and "layout" file formats because they are an electronically

8 stored collection of information with a unique name, the jury was

9 entitled to conclude that defendant's provision of customized

10 reports from its Web Center met the claim limitation of providing

11 file formats specified by the institution to the institution.

12   Plaintiff argues:

13   ApplyYourself provides customized reports of
   applicant data to institutions. These reports were
14   "files" as defined in the Jury Instructions: they are
   stored as a "collection of information" (i.e. application
15   data) and each report has a unique name. The format of
   these customized reports thus was a file format.
16   Moreover, the unlimited format variations for these
   reports are specified by the institutions, as indicated
17   in the i-Class manual (See Trial Ex. 80 at 40-44, 76-77).
   Given the Court's definition of "file," and the ordinary
18   meaning of "format," it would have been **unreasonable** for
   the Jury **not** to consider these customized reports
19   provided by ApplyYourself to have customized file
   formats.
20
   Pltf's Opp. Mem. at p. 15.
21
        Plaintiff also cites to Dr. Shapiro's testimony:
22
        I think that at this point the ApplyYourself and
23   Flagship products provide to their users any file formats
   that the users desire. I think they provide to their
24   users any character formats that the users desire. I
   think they provide to their users any presentation
25   formats that the users desire. I think they provide file
   formats through the export facilities. I think they
26   provide presentation and character formats through the
   display Web facilities. And all of those, the export
27   facility and the Web display facilities, are provided
   through their product called the Web center.
28

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1 | Vol. 4 of Trial Trans. at p. 192.

2 | I reject plaintiff's "customized report" argument. Under the

3 | Court's claim construction, the third party forms servicer must

4 | provide user information to the institution in a file format

5 | specified by the institution such that no additional manipulation

6 | of the data is required by the institution before the institution

7 | can upload it into its own system. If the jury interpreted "file

8 | format" to include layout or display formats, the interpretation is

9 | contrary to the governing claim construction. The "customizable

10 | report" evidence regarding what is available through the Web Center

11 | is not substantial evidence that information was provided to the

12 | institution in a _file_ format as I intended the meaning of file

13 | format in the claim construction.

14 | The way that plaintiff attempts to alter the claim

15 | construction is flawed and reverses the Court's claim construction.

16 | In the Court's claim construction, "file" modifies "format" to

17 | distinguish among the various types of "formats" such as display

18 | formats, layout formats, etc. That is, the claim limitation

19 | requires that the server provide at least an unlimited number of

20 | _file_ formats.

21 | Plaintiff's argument depends on a reading of "file format"

22 | such that "format" modifies "file," rather than "file" modifying

23 | "format." Plaintiff's interpretation is contrary to the Court's

24 | claim construction and I conclude that the jury could not have

25 | reasonably relied on the evidence at trial regarding the Web Center

26 | reports as substantial evidence that defendant's products practice

27 | the _file_ format claim limitation. To do so, the jury would have

28 | had to ignore the Court's claim construction for "file format."

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1   Additionally, the i-Class manual does not support plaintiff's

2   suggestion that defendant itself interpreted "file format" as

3   including "countless permutations" on the selection of fields, etc.

4   One of the sections of the manual relied on by plaintiff addresses

5   the creation of report templates but does not address file formats.

6   Exh. 80 at pp. 40-44.

7   The other instructs the user that the user will have to select

8   a particular file format. Id. at pp. 76-77. It makes clear that

9   there are only three file format choices: delimited, fixed width,

10 and XML. Id. Within each type of file format, the user can make

11 choices such as whether to have tab or character as the delimiter

12 in the delimited file format, or the width of the field (by the

13 number of characters in each field) in the fixed width file format.

14 This is not substantial evidence that defendant's accused devices

15 included unlimited formats.   Nor can this facet of defendant's

16 systems alter the proper construction of plaintiff's patent claims

17 such that the term "file format" includes layout and display

18 formats. Furthermore, as always, the Court's construction of the

19 term in plaintiff's patent claims as meaning file formats is not

20 influenced by the manual for defendant's accused device. Evidence

21 of the variety of display and layout formats defendant provides

22 cannot define the types of formats claimed by plaintiff's patent.

23   Finally, Dr. Shapiro's testimony on this issue is not

24 substantial evidence that the provision of Web Center reports meets

25 the claimed function as interpreted because his definition of "file

26 format" conflicts with the claim construction. Vol. 4 Trial Trans.

27 at pp. 190-91 (Dr. Shapiro admitting that his interpretation of

28 "format" in a claim construction phrase included display and

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1 character formats as well as file formats).

2   c.   "Customized Integration Solutions"

3   Several of defendant's marketing and other materials refer to

4 its "customized integration solutions." <u>See</u> Exh. 73 at pp. 19, 71;

5 Exh. 82 at p. 5; Exh. 88 at p. CNA670; Exh. 259. Many of these

6 references appear to tout defendant's ability to provide data from

7 defendant's server to its client institutions' SISs without the

8 institutions re-keying the data.[2] Plaintiff suggests that by

9 providing these "customized" solutions, defendant effectively

10 provides user data in unlimited file formats.

11   The testimony indisputably established that for institutions

12 who use defendant's Flagship program, defendant's server provides

13 data in only one file format. Vol. 6 Trial Trans. at pp. 35-37

14 (Posner Testimony). Each institution was required to install a PC-

15 based software system, separate from Flagship, on the institution's

16 own computer to make use of the data the institution received from

17 defendant's server. As Posner explained, it was necessary for the

18 institution to run this software, known as "Application Information

19 Manager" or "AIM," to "make sense of the data they were receiving"

20 from defendant's server. <u>Id.</u>

21   For institutions signed up with i-Class, defendant's server

22 provides data in the three file formats discussed above. I-Class

23 eliminated the need for the PC-based AIM software, but the

24

25   [2] I note that "[m]isleading statements about what a product
does, in the absence of proven efficacy," do not establish a
26 patent violation. <u>Upjohn Co. v. Riahom Corp.</u>, 641 F. Supp. 1209,
1220 (D. Del. 1986). Thus, advertising or marketing materials
27 which suggest that the accused device may infringe may not prove
infringement if the accused device does not actually work the way
28 it is advertised or marketed.

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1   institution still must map the data it receives from defendant's

2   server to the school's SIS. E.g., Vol 6 Trial Trans. at pp. 78-79

3   (Costa testimony that data transmitted from defendant's server to

4   a school is not automatically loaded into that school's SIS and

5   requires some "work" at the receiving end before the data coming

6   from defendant's system is functional for the school); Id. at pp.

7   55-56 (Eudy's testimony that the school would have to take the

8   "extract" file, write a program that would do a conversion, and

9   then import it into their system); see also Exh. 259 (defendant

10 notes that by combining a particular "integration solution"

11 designed by a third party with defendant's product, the institution

12 can avoid hand entering any data).

13   Plaintiff argues that while defendant tries to draw

14 distinctions between the parts of its systems by contending that a

15 third party software program is required to map the data from

16 defendant's server to the institution's SIS (and by doing so

17 provide unlimited file formats), defendant fails to note that

18 defendant is the exclusive distributor of that third party software

19 program that allows the application information to be directly

20 uploaded into, for example, the PeopleSoft SIS.   Exh. 259.

21 Plaintiff argues that defendant's characterization of this data

22 mapping and formatting function as being performed by a separate or

23 additional "custom coding" or program, is a distinction without a

24 difference.

25   Trial testimony from defendant's witnesses, uncontradicted by

26 plaintiff, was that the "custom integration solution" is a product

27 external to the actual Flagship or i-Class product. The Flagship

28 and i-Class programs reside on defendant's server to provide the

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1 forms to applicants and the user data to the institution. Trial

2 testimony further established that defendant could provide the

3 "custom integration solution," or that the institution itself could

4 write its own "translation" program or hire an independent third-

5 party to craft one. While defendant is the exclusive distributor

6 of a particular "customized integration solution," no evidence

7 suggested that an institution was bound to purchase defendant's

8 "customized integration solution" translation product along with

9 its purchase of the underlying Flagship or i-Class product.

10   What plaintiff argues is that the seller of a particular

11 product which does not literally infringe because it does not

12 perform a particular claim function (here, providing unlimited file

13 formats), may nonetheless literally infringe by offering for sale

14 an additional product, for an additional cost, that may make the

15 non-infringing product work like the patented product, or process.

16 When I asked plaintiff at oral argument if it had any law directly

17 on point on this issue, plaintiff had none and did not request an

18 opportunity to supply authority at a later time. Furthermore,

19 plaintiff never argued at trial that the "accused devices" included

20 the additional product. Rather, plaintiff focused only on the

21 Flagship and i-Class products.

22   More importantly, and focusing here solely on the file

23 formatting function, the fact remains that the third party forms

24 servicer is still not providing unlimited file formats. Even with

25 the "custom integration solution," and even if the institution uses

26 the solution provided by defendant, defendant's server provides the

27 user data in one of three formats and it is the "custom integration

28 solution" which translates the data from one of those formats to

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1 the institution's format. Thus, the data is not "processed wholly

2 by the third party forms servicer" as required by the claim

3 construction. As a result, the evidence plaintiff presented for

4 the proposition that defendant provides "custom integration

5 solutions" was not substantial evidence supporting a verdict of

6 literal infringement.

7   d. Dr. Shapiro's XSL Testimony

8   Dr. Shapiro testified regarding "XML Style Sheet Language,"

9 commonly referred to as "XSL." The essence of his testimony was

10 that because defendant, at least with its i-Class product, provides

11 user data in an XML file format, defendant can use XSL as a

12 "transform" mapping tool and convert the XML file to an unlimited

13 number of formats, including the EDI format. Vol. 6 Trial Trans.

14 at pp. 163-66, 203-09. While Dr. Shapiro conceded that defendant

15 did not currently support EDI, Vol. 6 Trial Trans. at p. 209,

16 plaintiff argues that Dr. Shapiro's testimony regarding XSL is

17 substantial evidence that defendant's systems literally infringe

18 the '042 patent.

19   I reject this argument. First, there is no evidence that

20 Flagship provides data in an XML file format so any XSL translation

21 program accomplishes nothing for Flagship on this record. Second,

22 there is no evidence that i-Class currently provides the XSL

23 translation program. Third, there is no evidence that any of

24 defendant's "custom integration solutions" carry the XSL

25 translation program mentioned by Dr. Shapiro. His testimony

26 suggested that one could write such a program, not that defendant

27 offers one either in its Flagship or i-Class products, or separate

28 from them. The fact that the technology exists and that defendant

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1 could incorporate it into its products it if wanted to, is not

2 substantial evidence that defendant currently infringes.

3   This is not a case where a device is capable of an infringing

4 use along with a non-infringing use. E.g., Hilgraeve Corp. v.

5 Symantec Corp., 265 F.3d 1336, 1343 (Fed. Cir. 2001) (an accused

6 device may be found to infringe if it is reasonably capable of

7 satisfying the claim limitations, even though it may also be

8 capable of non- infringing modes of operation), cert. denied, 535

9 U.S. 906 (2002); Huck Mfg. Co. v. Textron, Inc., 187 U.S.P.Q. 388,

10 408 (E. D. Mich. 1975) ("The fact that a device may be used in a

11 manner so as not to infringe the patent is not a defense to a claim

12 of infringement against a manufacturer of the device if it is also

13 reasonably capable of a use that infringes the patent.") Here, the

14 XSL translation program is a product or program available in the

15 marketplace (or in the mind of any particular programmer) but is

16 not presently part of defendant's system. Thus, the fact that one

17 may write an XSL transform mapping program which may allow for

18 translation of defendant's three file formats provided by i-Class

19 into an unlimited number of formats, including EDI, is not

20 substantial evidence that defendant's systems, as they presently

21 exist, literally infringe the '042 patent.

22   e. Other Arguments

23   While plaintiff's arguments regarding the admissions, web

24 center, "customized integration solutions," and XSL program appear

25 to be its primary arguments, plaintiff raises some additional

26 points as well. First, plaintiff indicates that the word "any" in

27 the claim construction quoted earlier in this Opinion, was not

28 defined for the jury. Plaintiff argues that the ordinary meaning

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1 of "any" does not necessarily imply "an unlimited number,"

2 "limitless," or an infinite number. As such, plaintiff argues, the

3 jury could have understood "any" to mean "one" or "a."   Thus,

4 plaintiff continues, the jury could have construed the words "any

5 file format" in the phrase from the jury instructions "the

6 information is made available in any file format specified by the

7 institution," to mean "one file format." Accordingly, plaintiff's

8 argument goes, the jury could have found infringement because

9 defendant offers three formats, and by offering just one, it

10 infringes.

11   This argument cannot be sustained in light of the claim

12 construction, regardless of the fact that the jury was not given a

13 definition of "any."   The plain meaning of "any," in this

14 particular context, cannot be reasonably understood to mean "one."

15   Next, plaintiff contends that the jury instructions did not

16 restrict the jury to finding that either all or none of defendant's

17 systems as provided to particular schools infringed.   In other

18 words, plaintiff argues, the jury was free to decide that defendant

19 infringed when it provided a file format specified by "School A,"

20 but did not infringe when it failed to provide a file format

21 specified by "School B."   This argument is also unpersuasive.

22 Defendant's systems do not satisfy the claim limitation, as I have

23 construed it, of providing "unlimited file formats" by providing

24 one of its three formats to a particular school in response to that

25 school's specification.   Further, I recall no evidence regarding

26 either of defendant's accused devices satisfying any particular

27 school's specification.

28   Finally, plaintiff contends that the jury instructions did not

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1 require the jury to consider hypothetical future specifications of

2 schools.   Rather, the jury was to consider what schools had

3 actually specified, not what they might specify or could specify.

4 The jury was not told that there can be no infringement if an

5 institution might one day in the future specify a file format that

6 defendant does not or would not provide. Plaintiff argues that the

7 only tense of the word "specify" in the jury instructions is the

8 past tense "specified." Thus, if an institution specified a format

9 that defendant provided, then the jury was free to find

10 infringement under the claim construction.

11   This argument, as with others offered by plaintiff, hinges on

12 a claim construction contrary to the Court's construction. It is

13 also without evidentiary support for literal infringement.   I

14 reject it on those bases.

15   2. Mapping Function

16   The claim construction relevant to the "mapping" function is

17 the same as for the "unlimited file format" function set out

18 earlier in this Opinion.   Defendant argues that substantial

19 evidence does not support a conclusion that its systems meet this

20 claim limitation.

21   As noted above, institutions using defendant's Flagship

22 product required the use of the PC-based AIM software program to

23 translate the user data received from defendant's servicer into the

24 institutions' SIS. Vol. 6 Trial Trans. at pp. 35-37 (Posner

25 Testimony).   As for i-Class, other evidence recited above

26 demonstrated the need for a separate customized mapping program in

27 order for institutions to have a seamless transformation of user

28 data received from defendant's server into their SIS. E.g., Id. at

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1   pp. 78-79 (Costa Testimony); <u>Id.</u> at pp. 55-56 (Eudy Testimony); Vol

2   4 Trial Trans. at pp. 244-47 (Metheny Testimony).   The evidence is

3   undisputed that these programs reside with the institution, not on

4   defendant's server.   <u>E.g.</u>, Vol. 5 Trial Trans. at p. 82 (Metheny

5   Testimony).

6   There are only two arguments plaintiff makes addressed

7   directly to the mapping function that require discussion beyond

8   what I have already discussed above in connection with the

9   formatting function.   First is the "customized integration

10   solution" argument.   Plaintiff contends that by providing a

11   "customized integration solution," and particularly by being the

12   exclusive distributor of one particular such solution, defendant

13   not only provides unlimited file formats, but also performs the

14   mapping function as construed by the Court.   Because, plaintiff

15   argues, the "customized integration solution" translates or

16   transforms the data received from defendant's server, the user

17   information is received by the institution for use directly by the

18   institution's SIS with no additional formatting or mapping

19   performed by the institution.

20   While I agree with plaintiff that the institution is not

21   required to further format or map the data once it receives it from

22   the customized translation program, I reject plaintiff's argument.

23   The Flagship or i-Class products when used in combination with this

24   additional piece of software (which again, may be designed by the

25   institution itself, by an independent third-party, or provided by

26   defendant), may meet the "mapping" claim limitation as it has been

27   construed.   However, this <u>combination</u> is not the accused device

28   that plaintiff made its claim against.

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1   Furthermore, the fact that the customized translation program

2   resides within the institution distinguishes defendant's products

3   from the "mapping" claim in the '042 patent. The institution is

4   still required to map or format the data received from defendant's

5   server. While this mapping or formatting is done outside of the

6   SIS and the institution is able, after the data is manipulated by

7   the custom translation program, to seamlessly integrate the data

8   into its own SIS, the burden is still on the institution to map or

9   format the data. I acknowledge that the institution does not have

10   to manually re-key the data when defendant's systems are paired

11   with a custom translation program. Nonetheless, the institution is

12   still burdened with acquiring and programming, or having the

13   additional custom translation program properly coded, requiring the

14   institution to perform additional formatting or mapping upon

15   receipt of the user data from defendant's third party forms server.

16   Second, plaintiff points to defendant's admissions in response

17   to plaintiff's requests for admission, that i-Class and Flagship

18   can relieve institutions of the administrative burden of processing

19   web-based forms. Exh. 49 (Requests for Admission Nos. 128, 129).

20   The discussion above shows that the evidence supports this

21   admission because the accused products, together with an external

22   translation program residing within the institution, can ultimately

23   relieve the institution of manually re-keying data. This

24   admission, however, is not tantamount to substantial evidence of

25   literal infringement of defendant's accused systems for the reasons

26   previously explained. The institution is still responsible for the

27   mapping or formatting of the data by virtue of having to acquire

28   and host the custom translation program. Thus, there is still a

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1 burden on the institution. Accordingly, the jury's verdict as to

2 the mapping function is not supported by substantial evidence.

3   In summary, to sustain a claim of literal infringement, "each

4 limitation of the claim must be present in the accused device."

5 Telemac Cellular Corp. v. Topp Telecom, Inc., 247 F.3d 1316, 1330

6 (Fed. Cir. 2001). "Any deviation from the claim precludes" a

7 literal infringement finding. Id. This "all elements" rule

8 requires the patentee to prove that the accused device itself

9 contains each limitation of the asserted claims.

10   In this case, the evidence is capable of only one reasonable

11 conclusion: defendant's Flagship or i-Class products do not

12 contain the "file format" or "mapping" claim limitations of claims

13 1, 16, and 32 of the '042 patent. Substantial evidence in the

14 record, when viewed with the Court's claim construction and the

15 jury instructions, demonstrates that the only reasonable conclusion

16 this jury could have reached was one of no literal infringement of

17 these claims of the '042 patent.

18   B. Literal Infringement of Claim 38

19   Claim 38, while still addressing the same overall process, is

20 distinct from claims 1, 16, and 32. It provides:

21   A method of processing over a computer network forms
directed by multiple public forms users to institutions,

22 the forms process being administered by a third party
forms servicer that is neither one of the institutions

23 nor one of the public forms users, the method comprising:

24   receiving by an institution from a third party
forms servicer user information in a format

25 specified by the institution, the user information
being derived from a form customized for the

26 institution and identified primarily with the
institution rather than with the third part[y]

27 forms servicer, the customized form being presented
to a form user over a computer network by the third

28 party forms servicer, the customized form including

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> fields for data to be inserted manually by the forms user or automatically, [t]he information in the completed form being posted to the third party forms servicer; and
>
> receiving from the form user via the third party form servicer an electronic payment associated with the customized form;
>
> thereby providing to the form user a customized form identified with the institution and <u>providing the institution with custom-formatted data and an electronic payment, while relieving the institution of the administrative burden of processing forms and payments.</u>

9 '042 Patent at 38:38-61 (emphasis added).

10   Defendant's infringement of claim 38 was not directly
11 addressed at summary judgment because plaintiff did not move for
12 summary judgment as to the literal infringement of claim 38.
13 However, the term, or concept, of providing a "customized form"
14 which is part of claim 38, is a part of several claims that were
15 adjudicated on summary judgment. July 7, 2003 Op. & Order at p.
16 35.   The July 7, 2003 Opinion specifically noted that the
17 "customized form" limitation appeared in several claims in both the
18 '278 and '042 patents and that while it was being addressed in the
19 context of claim 1 of the '278 patent, the discussion of the
20 limitation applied "to the other claims in either patent." <u>Id.</u> at
21 p. 35 n.5.

22   In resolving the summary judgment motions, I interpreted the
23 claim term "customized form" as "a form made according to the
24 preferences of each particular institution." <u>Id.</u> at p. 36.   In
25 doing so, I rejected defendant's argument that the term contained
26 a concept of "transparency," meaning that the customized form
27 contain no indicia that the application is hosted by the forms
28 service provider. <u>Id.</u> at pp. 36-37. As a result, I concluded that

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1 defendant failed to create an issue of fact regarding the accused

2 systems' practice of the "customized form" limitation in either the

3 '278 or the '042 patent. Id. at p. 37. I granted plaintiff's

4 motion for literal infringement as to the '042 patent except for

5 the formatting and mapping functions. Id. at p. 60.

6   In the present JMOL motion, defendant argues that the evidence

7 at trial established that its products do not provide a custom

8 application form according to the preferences of each institution.

9 While providing some flexibility, defendant's products, which use

10 a   template-driven   forms   interface,   somewhat   restrict   the

11 institution's customization preferences. See Vol. 4 Trial Trans.

12 at p. 204 (Dr. Shapiro Testimony). Defendant argues that in view

13 of Dr. Shapiro's unequivocal admission that defendant uses a non-

14 infringing public domain software package to provide forms to users

15 that cannot provide unlimited customization, no reasonable jury

16 could   have   found   that   defendant   practices   the   "custom forms"

17 limitation   of   claim   38,   and   therefore,   there   is   no   literal

18 infringement of that claim.

19   While plaintiff did not move for summary judgment on claim 38,

20 plaintiff argues in opposition to the JMOL motion that the summary

21 judgment decision precluded defendant from trying the "customized

22 form" limitation to the jury and thus defendant should be precluded

23 from raising it here. I need not resolve this issue because I

24 determine that even apart from the "customized form" limitation,

25 substantial   evidence   does   not   support   the   verdict   of   literal

26 infringement of claim 38.

27   Claim 38, like the other independent claims in the '042

28 patent, requires the receipt by the institution from the third

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1   party forms servicer of "user information in a format specified by

2   the institution . . . ." The interpretation of the same phrase in

3   the other claims of the patent, defines this phrase to mean "in any

4   file format, and it may include any other type of format, specified

5   by the institution." The jury was instructed on the construction

6   of this phrase as it appears in claim 1, but it is the same phrase

7   in claim 38. The jury was further instructed that "[t]erms given

8   a meaning in one place in the patent, either by [the Court] or by

9   [the jury], have that same meaning in all other places in the

10 patent that the term appears." Jury Instructions at p. 11.

11   Having rejected plaintiff's arguments as to claims 1, 16, and

12 32 regarding "any file format," and concluding that there is no

13 substantial evidence of literal infringement of the "in a format

14 specified by the institution" function in claims 1, 16, and 32,

15 there is similarly no substantial evidence supporting the literal

16 infringement of that same function in claim 38.

17   C.   Infringement of Claims 1, 16, 32, and 38 Under
              the Doctrine of Equivalents

18

19   Because the verdict did not ask the jury to distinguish

20 infringement liability based on literal infringement and

21 infringement under the doctrine of equivalents, to succeed on the

22 JMOL motion, defendant must show that there is a lack of

23 substantial evidence supporting the verdict under both infringement

24 theories.

25   In a 1998 case, the Federal Circuit explained that its "prior

26 cases stand for the proposition that mere generalized testimony as

27 to equivalents is insufficient as a matter of law to support a jury

28 verdict finding infringement under the doctrine of equivalents."

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<u>Comark Communications, Inc. v. Harris Corp.</u>, 156 F.3d 1182, 1188 (Fed. Cir. 1998). As the court further explained:

> We have also previously stated that the evidence and argument on the doctrine of equivalents cannot be merely subsumed in plaintiff's case of literal infringement. . . . Rather, a patentee must prove substantial identity as to <u>each of the function, way and result prongs</u> of the doctrine of equivalents. . . . The thrust of these cases is to ensure that a jury is provided with the proper evidentiary foundation from which it may permissibly conclude that a claim limitation has been met by an equivalent.

<u>Id.</u> (internal quotations and citations omitted; emphasis added).

In a more recent case, the court reiterated that to sustain a claim of infringement based on the doctrine of equivalents, the patent holder must provide evidence "on a limitation-by-limitation basis" and the "evidence must have included particularized testimony and linking argument" to properly assist the factfinder in making the doctrine of equivalents determination. <u>Hewlett-Packard Co. v. Mustek Sys., Inc.</u>, 340 F.3d 1314, 1322 (Fed. Cir. 2003) (internal quotation omitted); <u>Lear Siegler Inc. v. Sealy Mattress Co. of Mich., Inc.</u>, 873 F.2d 1422, 1426 (Fed. Cir. 1989) (noting these requirements are necessary to ensure that the factfinder is not "put to sea without guiding charts when called upon to determine infringement under the doctrine [of equivalents].").

Defendant argues that plaintiff failed to meet its evidentiary burden under these standards. Defendant notes that plaintiff presented no evidence in its case-in-chief regarding equivalents. <u>See</u> Vol. 6 Trial Trans. at p. 204 (exchange between Court and plaintiff's counsel in which plaintiff's counsel concedes that there were no "explicit arguments" made in its case in chief as to

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1 infringement under the doctrine of equivalents). I agree with

2 defendant that the only evidence relevant to plaintiff's doctrine

3 of equivalents theory came in plaintiff's rebuttal case.

4   The substance of the relevant testimony on doctrine of

5 equivalents is revealed in the following exchange between

6 plaintiff's counsel and Dr. Shapiro:

7   Q: Okay. Dr. Shapiro, can we assume for a moment that
       Dr. Menasce is right, that ApplyYourself can't literally
8   provide any format selected from among an unlimited or a
       limitless number of possibilities.

9
       Do you have an opinion as to whether what – the formats
10   ApplyYourself does provide would be similar to the – the
       meaning of the claim term that I had in front of you, and
11   took down?

12   MR. CARR: Objection, Your Honor. Irrelevant.
           Goes to doctrine of equivalents, hasn't been
13   raised.

14   THE COURT: Overruled.

15   THE WITNESS: If in some sense there's some literal way
       in which this transformation could not be accomplished,
16   through an XSL transform, you would get the same result.

17   BY MR. DAVIS:

18   Q: So are there any differences, then, in this modern
       world?
19
       A: No, I think – you know, one could say – and perhaps
20   this is what Dr. Menasce is saying. He's saying that,
       you know, literally, we only offer these exact formats.
21
       Then I interpret your question as saying,
22
       Dr. Shapiro, do you get the same result if you first
23   write an XSL transform, and transform XML into a
       different format? Do you get equivalently the same thing
24   as if ApplyYourself offers the literal format? Do you
       get the same result as if you apply this transformer that
25   takes a short amount of time to write?

26   And I say, yes, it's the same thing.

27   In other words, if my grandfather offers the color paint
       in the window, is it equivalent if he offers it in the
28   window or if he goes in the back room and takes ten

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minutes and mixes up a new color? Is that equivalent, as far as the customer is concerned? In any event, the customer walks out of the store with the color the customer wants.

Same thing with the school. The school walks out with —- as the claim construction says, the school gets —- can you put the claim construction up there again?

Vol. 6 Trial Trans. at pp. 165-66.

Defendant argues that this evidence is insufficient to establish doctrine of equivalents infringement under the standards required by the Federal Circuit, of either the mapping or the unlimited formatting functions. As to the mapping function, defendant notes that data mapping is a binary feature in that the product or process provided by defendant to the institutions either has the capability to perform data mapping or it does not. Accordingly, defendant argues, if the institution is required to perform "additional formatting or mapping" after receiving the data from defendant, there is no infringement, either literally or under the doctrine of equivalents.

As to the unlimited format function, defendant notes that as with mapping, the provision of unlimited formats is a binary feature. The product or process provided by defendant to its institutions either has the capability to provide unlimited formats or it does not. The evidence, according to defendant, shows that it does not.

Defendant argues that plaintiff's testimony on rebuttal provides no analysis for finding infringement under the doctrine of equivalents because it did not discuss the provision of the "same function, substantially the same way, producing substantially the same result." Defendant contends that plaintiff presented nothing

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1   more than "generalized testimony as to overall similarity" which is

2   insufficient to establish infringement under the doctrine of

3   equivalents.

4   Furthermore, defendant argues, Dr. Shapiro's testimony is of

5   no consequence because there is no evidence that defendant uses an

6   XSL converter for custom data formatting. For example, defendant

7   cites to the i-Class manual which contains no references to XSL in

8   the documentation for formatting, mapping, or exporting data. Exh.

9   80. Defendant also maintains that similarly, there is no evidence

10 that Flagship uses an XSL converter to transform XML data into

11 other formats.   Defendant contends that plaintiff's infringement

12 theory "collapses" because it is based on an "imaginary product"

13 that could use XSL to transform an XML file format to any other

14 file format, but it is not based on defendant's actual product. As

15 defendant argues, "[i]t is axiomatic that it is the accused device

16 or process at issue that must perform the equivalent limitation to

17 find infringement." Deft's Mem. at p. 27.

18   In response, plaintiff argues that there are four ways the

19 jury could have concluded that the accused systems and methods were

20 equivalent to the claimed systems and methods: 1) the provision

21 of "customized reports" from defendant's Web Center; 2) the

22 "customized integration solutions" in which plaintiff alleges that

23 defendant provided data in any format necessary for export without

24 the institution needing to re-key any of the data; 3) the provision

25 of XML which plaintiff contends is a "universal format"; and 4) the

26 ability of i-Class to provide different field formats, presentation

27 formats, fixed width variations, and delimiter variations. These

28 arguments are substantially the same as the ones raised in

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1 opposition to the JMOL motion on literal infringement. I address

2 them here in the context of the doctrine of equivalents

3 infringement issues.

4   As to the first argument regarding customized reports from the

5 Web Center, plaintiff contends the provision of such reports is at

6 least equivalent to the required functionality of providing any

7 file format specified by the institution so that the institution

8 need do no mapping to assimilate the data in that file into its

9 SIS. I disagree. There is no evidence that defendant's systems

10 provide the customized reports in any file format other than the

11 one offered in Flagship and the three offered as part of i-Class.

12 The fact that the institution may be able to customize data into

13 various reports does not mean that defendant's products either

14 literally or equivalently perform the function of providing any

15 file format specified by the institution with that data being

16 seamlessly translated to the institution's SIS.

17   As to the second argument about customized integration

18 solutions," while I find this a closer argument, I still reject it.

19 As described above, the evidence showed that with the assistance of

20 another program, AIM for Flagship, or some other custom translation

21 software program for i-Class, the finite number of file formats

22 provided by Flagship and i-Class can be used by the institution's

23 SIS without any further manipulation of the data by the

24 institution. This could suggest an equivalent function.

25   But, the flaw with plaintiff's position is that while

26 defendant may offer the AIM program or be the distributor of the

27 third party program for i-Class, those programs are not part of the

28 accused devices. They are something external to the accused

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1 devices.   While those programs may be a means to provide an

2 equivalent function, the means are not part of the accused device.

3 Additionally, by residing with the institution rather than on

4 defendant's server, there is still a burden on the institution and

5 the "equivalent function," if there is one, is not performed in

6 substantially the same way as that claimed in the patent.

7   Third, plaintiff argues that the ability of i-Class to provide

8 data in an XML format is equivalent to the functionality required

9 by the claims as construed. Plaintiff contends that XML is a kind

10 of "universal file format" wherein the data is easily accessible

11 and mapped to any system, and is easily used by any SIS. Plaintiff

12 cites to the i-Class manual in support of this position.   The

13 manual states that

14   XML is the Extensible Markup Language. It allows a page
        to contain a definition and execution plan for the
15   elements, as well as their content. It allows designers
        to create their own customized tags, enabling the
16   definition, transmission, validation, and interpretation
        of data between applications and between organizations.

17
        XML: An XML file looks just like an html page, except
18   the tags are not <table><tr><td>. [I]nstead, they are
        element identifiers that tell a system what type of data
19   is being passed (i.e., <first name>Chad</first name><last
        name>Massie</last name>).   This way, databases and
20   systems can share information easily because data type is
        identified in the data file.

21
Exh. 80 at p. 77.

22
       Based on this, plaintiff contends that offering the XML file
23
format is equivalent to literally offering all file formats or an
24
unlimited number of file formats because "in this modern world," it
25
is quickly and easily transformed into any other file format or
26
used directly by any system.
27
       I reject this argument.   While defendant's i-Class manual
28

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1 suggests that XML is a format that makes data more easily usable by

2 other institutions, the manual does not support plaintiff's

3 conclusion that XML, by itself, is a universal file format

4 equivalent to providing all possible file formats with no

5 additional mapping required by the institution. The i-Class manual

6 does not provide substantial evidence that by offering an XML file

7 format, defendant's accused products infringe the '042 patent under

8 the doctrine of equivalents.   Being "quickly and easily

9 transformed" into other file formats is simply not equivalent to

10 being provided in any file format.

11   Plaintiff's fourth argument is that because i-Class can

12 provide a myriad of field formats, presentation formats, etc., it

13 is equivalent to the required function of the claims as construed.

14 I disagree. The claims, as construed, require an unlimited number

15 of _file_ formats, not other types of formats as discussed earlier.

16   Finally, as to claim 38, defendant argues that its systems do

17 not provide unlimited customization of application forms and that

18 plaintiff failed to present any evidence that defendant's products

19 performed an equivalent custom forms function. Even if I agree

20 with plaintiff that defendant is precluded from challenging the

21 "front-end" customized application form function at this point, I

22 conclude that the function of providing unlimited formats, which is

23 an element of claim 38 as well as claims 1, 16, and 32, controls

24 the decision on claim 38. Substantial evidence does not support a

25 verdict of infringement of claim 38 based on the doctrine of

26 equivalents.

27   Because substantial evidence does not support a verdict of

28 infringement of the '042 patent under the doctrine of equivalents,

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1 I grant defendant's JMOL motion directed to the non-infringement of

2 the '042 patent.

3 II. Alternative Motion for New Trial

4   Even though I grant defendant's JMOL motion, I am required to

5 address defendant's alternative new trial motion. Fed. R. Civ. P.

6 50(c); <u>Freund v. Nycomed Amersham</u>, 347 F.3d 752, 764 (9th Cir.

7 2003) (noting that "Rule 50(c) of the Federal Rules of Civil

8 Procedure requires a district court granting a judgment as a matter

9 of law also to rule on whether to grant a new trial in the event

10 the judgment as a matter of law is reversed on appeal.").

11   For the reasons discussed above in connection with the JMOL

12 motion, I conclude that alternatively, the verdict should be set

13 aside and a new trial awarded on the issue of infringement of the

14 '042 patent because the verdict is against the clear weight of the

15 evidence and the jury reached a seriously erroneous result.

16 Assessing the evidence presented at trial, I conclude that the

17 clear weight of the evidence establishes that neither Flagship, nor

18 i-Class infringed the formatting and mapping functions of claims 1,

19 16, and 32, or the formatting function of claim 38. I grant

20 defendant's alternative motion for new trial.

21 III. Motion to Continue Stay

22   Defendant moves to continue the stay of execution of the

23 judgment and the injunctive relief until resolution of the eight

24 pending motions set for oral argument on December 19, 2003.

25 Defendant relies on evidence and arguments presented to the Court

26 with its original motion to stay the judgment and the injunctive

27 relief pending resolution of the instant JMOL motion on non-

28 infringement of the '042 patent.

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1   As I noted in granting that original motion, the evidence

2 showed that if a stay were not granted, defendant would likely be

3 put out of business by having to pay the $1,226,000 money judgment

4 while litigation continues and by having to stop servicing its

5 current institution clients under contract. All of the evidence

6 presented in support of that motion addressed the effect on

7 defendant of a $1.2 million verdict and the injunctive relief

8 related to the '042 patent.

9   However, by virtue of granting this JMOL motion as to the

10 infringement of the '042 patent, defendant's monetary liability is

11 reduced to $181,000, excluding any pre- or post-judgment interest

12 or enhancement under 35 U.S.C. § 284. Additionally, with no

13 infringement of the '042 patent and defendant's voluntary cessation

14 of infringement of the '278 patent nearly one year ago, the impact

15 of any continuing injunctive relief related to the '278 patent on

16 defendant appears to be minimal.

17   Accordingly, I grant the current motion to extend the stay of

18 execution of the judgment and the injunctive relief in part and as

19 follows: the stay is extended until December 19, 2003, when

20 defendant shall appear in person at the previously scheduled oral

21 argument on the other motions, to show cause why the stay should

22 not be lifted in light of the significantly smaller judgment

23 remaining against defendant. Defendant is ordered to file a

24 written submission on this issue no later than Monday, December 15,

25 2003. Plaintiff may file a written response no later than

26 Wednesday, December 17, 2003.

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36 - OPINION & ORDER

1   CONCLUSION

2   Defendant's motion for JMOL as to the non-infringement of the

3   '042 patent, and defendant's alternative motion for new trial

4   (#348) is granted.   Defendant's motion to continue the stay of

5   execution (#410) is granted in part as outlined above.

6   IT IS SO ORDERED.

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8   Dated this 9th   day of December   , 2003

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11   /s/ Dennis James Hubel
                                      Dennis James Hubel
12   United States Magistrate Judge

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37 - OPINION & ORDER